

Questions and Comments from City Employee Budget Information Sessions

In March, Mayor Bernero presented his FY09 Executive Budget Recommendation for the City of Lansing. The Mayor's recommendations are currently being reviewed by the City Council. According to the City Charter, the city budget must be approved by City Council no later than May 19. The Mayor's proposed budget is available for viewing at the Office of the City Clerk or it can be found on the City's website at <http://www.cityoflansingmi.com>.

The Administration has held several informational meetings with employees to discuss the City's financial situation and answer questions about the Mayor's FY09 budget proposal. The following are answers to some of the commonly asked questions and issues raised at those meetings. If you have additional questions that have not been addressed below, you may submit them on the City's website at the address above.

Previous Employee Ideas

How many suggestions from employees in previous years have actually been used?

Employees provided many suggestions and comments during preparations for the FY07 and FY08 budgets. Employee suggestions that were ultimately reflected in budgetary proposals include:

- Use City forestry crews for BWL tree trimming
- Use Public Service crews to mow grass for code compliance
- Promote energy conservation
- Reduce use of color printing
- Close Ottawa Street City Hall entrance to public in order to reduce security costs
- Implement a 1% administrative fee on special assessments
- Secure broader funding for the Zoo
- Market Waste Reduction Services and golf courses to increase revenues
- Eliminate the green envelopes used to mail paychecks
- Target those who do not pay City income or property taxes

Other employee suggestions that have led to current or ongoing consideration include:

- Evaluating the entire system of waste collection and reduction services
- Evaluating the feasibility of consolidating the police precincts
- Evaluating the feasibility of consolidating garages
- Evaluating the feasibility of continuing to operate and subsidize 4 golf courses
- Annually reviewing all fees for appropriate increases.

When we give ideas that save money, the money goes somewhere else and we're not rewarded. Why not offer incentives to employees for ideas that are used?

The money saved or generated as a result of employee suggestions is very helpful in developing the City's budgets. Without these suggestions, we would face an even bigger financial challenge than we do now. For the future, we will continue to look at the idea of incentives for specific, achievable suggestions. We do appreciate all suggestions, even though it may not be possible to implement them all.

The Budget

We've had numerous meetings about the budget shortfall in the past few years, and yet we're still in the same position. It's hard to take it seriously now.

The City's budget shortfall is a serious, long-term problem that will not be fixed in a single year. We are making progress, but we need to do more to address the City's structural deficit, which simply means we spend more money than we take in, year after year.

Lansing is not the only city in Michigan facing these challenges. Every urban area in the state is trying to address the same issues: limitations on how much money can be raised through taxation and fees, the overall poor condition of the state economy, the serious financial problems facing state government, and increasing costs for wages, health insurance, pensions, energy and other expenses. The bottom line is that the City's income is not rising fast enough to pay for the increased costs of operating city services on a year-to-year basis.

Although you may have heard this same explanation almost every year, it has only been in the last three years that significant reductions in the workforce have been made in order to balance the budget – 117 positions in total. So far, we have been fortunate to have made these reductions by eliminating vacant positions, but that does not appear likely for the FY09 budget.

What was the balance of City budget reserves at end of FY07?

The City's unrestricted reserves at the end of the last fiscal year were approximately \$10 million. This amount is equal to less than 10% of General Fund revenues and less than one month's operating expenses.

How did the \$6 million dollar deficit decrease to \$3.4 million?

The Mayor's proposed budget includes spending reductions in non-personnel areas, including operational expenses and capital spending.

Where is the Act 51 money? Why isn't it being used to fill positions?

Act 51 money is received from the state for road repair, maintenance, and to hire employees to perform snow removal and pothole filling. It is "restricted" money that can only be used for these purposes. The funds are kept in a restricted account instead of the City's General Fund, so

any unused amounts go toward the next year's road maintenance and repair needs. It is incorrect to assume that the funds are not being used or that they can be accessed for general purposes. Unfortunately, Act 51 funds are not keeping up with rising costs for fuel and employee compensation. Therefore, less and less is available each year for needed repairs and maintenance.

Are we getting a good return on investments and is it reflected in the budget?

Investment earnings are reflected in the City budget as a revenue line item. Our rate of return is limited somewhat by state law. Although it has improved since FY06, it has been declining recently because of the reduction in interest rates by the Federal Reserve Board.

The City budgeted for the use of reserves last year, but most of the money wasn't used. Where is that money now?

It's still part of our \$10 million in reserves. If it had been used, our reserves would be that much less.

Has the State's revenue sharing plan been approved?

The Governor proposed a 4% increase in a portion of the State revenue sharing formula. The plan is still under consideration by the Michigan Legislature. The state's fiscal year doesn't begin until October 1, so we probably won't know the final amount for some time. The Governor's proposed increase is included in the Mayor's proposed budget for FY09.

How much are we spending on flowers, fountains and the Fine Arts building?

We will spend money on flowers and other beautification efforts – probably \$50,000 or so annually. It's all part of marketing the City to make it more attractive to residents, visitors and customers. However, the anticipated fountain will be paid for with private funds.

There is hope that a Performing Arts Center can be constructed downtown in the future, because it will help attract even more people to Lansing for dinner, entertainment and shopping. This will help the economy of the entire City and create additional tax revenues for the city budget. At this time the Performing Arts Center is just a concept; no decision has been made about where or when to build it.

Many functions are duplicated across City departments and this creates administrative inefficiencies. Can we have separate, defined duties to eliminate the extra work and costs associated with work duplication?

We would love to hear your specific suggestions on how to reduce or eliminate administrative inefficiencies.

Can we get any money back for dollars spent by the City to inspect and maintain red-tagged homes?

There is an ordinance pending before Council to do exactly that. It's called a "monitoring" fee and it will charge the owner of a tagged property \$150 per month to offset the costs incurred by the City for inspecting the property to ensure that it is not a safety hazard to the neighborhood.

There is an entry in the budget for a new ambulance. Where will the money come from to pay for it?

Yes, a new ambulance is included in the Mayor's proposed budget due to increased demand for emergency medical services from our residents. Most of the cost will be recovered from the insurance payments made on behalf of those who use the service.

We've gotten ambulances in the past that have fallen apart on the way from the factory and one even caught fire while parked in our garage! The City is wasting money on sub-standard equipment by going with the lowest bidder. Is there any way to do business with a vendor that may not have the lowest bid but has better quality service and equipment? Is it in the Charter that we must go with the lowest bidder?

The Charter requirement is to purchase what is in the best interests of the City and to select the lowest bidder from among those qualified to do so. We do have to be prepared to defend the purchase of items that appear to be other than the lowest bidder.

Currently our billing is contracted out (LFD). Can we start doing this in-house? We do all the paperwork for the billing company. If we do the billing in-house we'll have less paperwork, better turnaround time and less mutual aid.

We are willing to take a look at this.

BWL gets paid to service and flush the fire hydrants but when we have to use them, we get reports of rust coming through the pipes of the surrounding houses and we still get rocks going through our hoses. Why do we pay \$1.1 million to BWL when we could just get tankers and attach them to the trucks?

We are looking at how to best manage this sizable expense to the City and have been working with the Board of Water and Light.

Is there a new development downtown that is tax-free to individuals/businesses taking up residence?

The Capital Club Tower project, a high-rise development that will sit next to the South Capital Ramp was recently approved by the City Council and MEDC as a Renaissance Zone. That designation means that residents are exempt from City and State income and property taxes for twelve years. For years thirteen through fifteen, taxes are increased to their full amounts in the sixteenth year. Renaissance Zone designations are used only on extremely limited cases and was

used in this case due to the impact that drawing residents and businesses will have for the City and our economic development efforts.

What is the cost to fund the Southside Community Center and is 100% of that funding proposed in the 2009 budget? Is it anticipated there will be 100% funding in the future budgets and what is the funding source?

Beyond renovation costs which will be paid for from other land proceeds received, the Southside Community Center is projected to cost approximately \$700,000 annually for City programs that will be run from that center. The net cost to the General Fund for FY 2009 is proposed at \$218,000, or 1/3 of the total cost. The remaining \$482,000 is funded by a transfer from funds that were set aside for the Southside Community Center in previous years. The goal is to transition the costs to the General Fund over the next three years using those previously-set-aside funds.

Personnel Questions

How many vacant, funded positions are there currently and does this number include contract and temporary employees?

As of 4/7/08, there are 29 vacant, funded positions in the General Fund. There are 30 vacant, non-General Fund positions. The total authorized number of full-time positions is 1146. Contract and temporary employees are not included

Why are Police and Fire not included in the budget cuts?

It is true that in the past two budgets, Police Officer and Firefighter positions have not been reduced. This is a reflection of the very high importance that the public, the City Council and the Mayor place on public safety. That is not to say that other city services are not important or valued, or that there will never be reductions in those areas. For the FY09 budget, no specific program cuts have been identified. However, Police and Fire have not been excluded from discussions about possible reductions.

Why are some former employees returning to City employment as contract workers?

We utilize temporary workers in certain situations as permitted by our Collective Bargaining Agreements. For example, certain agreements allow a temporary or contract worker to cover a vacancy, created when someone leaves, while it is being filled, to cover an absence, or for special projects. At times, it is necessary to have a retiree work until the vacancy is filled, or until a final determination can be made as to when the position can be filled. Additionally, since we are in a situation where we are most likely continuing to reduce the workforce, in general it does not make sense to bring in new employees unless absolutely necessary.

Why have some contract workers been here for so long (over 1 year)?

Some contract employees have been here more than a year because they have specific skills or experience that is difficult to find. In the case of special projects, such as the Integrated Financial Accounting System (IFAS), the need for contract employees will continue until the project is completed.

Why do employees always have to make the sacrifice? Why not just raise property taxes?

At best, raising property taxes is a short-term fix that will not resolve our budget problems in the long run. Unless the growth rate of expenditures is brought in line with the growth rate of revenues, City expenditures will outpace revenues once again in a year or two. In other words, we will be right back where we started.

At worst, raising taxes will damage our prospects to make Lansing more attractive for new residents, new businesses and new jobs. Our property tax rates are already relatively high in comparison to surrounding areas. The overall tax burden in Lansing is even higher when the city income tax is included. This is discouraging to people who are considering moving into Lansing or creating a business here.

Mayor Bernero has made it clear that we need to attract new residents, new businesses and more jobs in order to create a more prosperous local economy with more jobs for Lansing residents. In addition, more property tax revenues from new growth will help support the basic services provided to city residents, such as police and fire protection.

Let's bring in new hires at a lower rate with a 2-tier system. What about lowering the benefits and wage scale for new hires?

We are very willing to talk about this. It is one way we can reduce our costs over the long term without affecting current employees.

Does a percentage of everyone's wages or fringe benefits include attorney fees?

No.

Can we require employees to live in the City?

No, we cannot. State law prohibits us from requiring employees to live in the City. We do, however, provide an incentive for employees to purchase a home and to move into Lansing. We are open to any other suggestions that would encourage more employees to live where they work.

Do employees' who are non-residents pay taxes?

Employees who do not live in Lansing pay one-half of one percent (1/2%) in city income tax. Residents pay one percent (1%) in city income tax. State law requires that non-residents pay half

as much as those who live in the City. As a result, we are not allowed to raise the non-resident income tax rate unless we also raise the resident income tax rate. Since we are already at the maximum rate allowed by law for a city income tax, we cannot raise the resident or non-resident income tax rates at this time.

Some positions have been vacant for a very long time. Why is that?

To get the City's budget problems under control, we have had no choice but to reduce the size of our workforce over the last two years. Since nearly 80% of the City's operational costs are for employee compensation, we cannot reduce spending only in non-personnel areas. Again this year we expect our expenses to grow much faster than our revenues – this is the “structural deficit” we described earlier. We have been addressing the structural deficit over the past few years by reducing our workforce. If we are going to continue reducing the workforce, it doesn't make much sense to bring in new employees to fill vacancies, except in cases where the position is critical to City operations. The more vacant positions we have, the easier it is to reduce the workforce without laying someone off.

The Principal Shopping District uses contractors to do their street maintenance work. Shouldn't these be City jobs?

The Principal Shopping District is a private organization that is not run directly by the City. Downtown businesses pay a special assessment and they have decided to spend it on maintaining the downtown area. As a City, we are continually looking at suggestions as to how city workers can be used cost effectively to do work we may be contracting out. Grass cutting for Code Compliance by the Public Service Department is one area we recently brought “in-house”. We'll look at this one, too.

Is there a new development downtown that is tax-free to individuals/businesses taking up residence?

The Capital Club Tower project, a high-rise development that will sit next to the South Capital Ramp, was recently approved by the City Council and the Michigan Economic Development Corporation as a Renaissance Zone. That designation means that residents are exempt from City and State income and property taxes for twelve years. For years thirteen through fifteen, taxes are increased to their full amounts in the sixteenth year. Renaissance Zone designations are used only in extremely limited situations. In this case, the zone was established as a way to attract new residents to live in the downtown area, which will have long-term economic benefits for the entire City.

What is the cost to fund the Southside Community Center and is 100% of that funding proposed in the 2009 budget? Is it anticipated there will be 100% funding in the future budgets and what is the funding source?

Renovation costs are being paid from the City revenues derived from the sale of the Triangle Property in 2006. For operational expenses, the Southside Community Center is projected to cost approximately \$700,000 annually for City programs that will be run from that center. The

net cost to the General Fund for FY 2009 is proposed at \$218,000, or 1/3 of the total cost. The remaining \$482,000 is funded by a transfer from funds that were set aside for the Southside Community Center in previous years. The goal is to transition the costs to the General Fund over the next three years using those previously set-aside funds.

Why is the Mayor trying to sell Fenner?

There is no proposal or plan to sell Fenner Nature Center, nor to have it closed. With the retirement of our long-serving and dedicated Naturalist, Clara Bratton, there is a big “shoe” to fill with regards to nature programming and education at Fenner. Being a regional asset that benefits both City and non-City residents, much like Potter Park Zoo, the Administration is looking to keep the property and to investigate alternative funding sources for Fenner operations, such as partnerships with Friends of Fenner, MSU, Ingham County and the Woldumar Nature Center.

Health Insurance Questions

Why open the contracts to pay 5% toward health insurance premiums?

The Administration has requested our employees and their union representatives to work with us to reduce the increasing costs of compensation. These costs include health care as well as wages, pensions and other benefits. Without a strategy to reduce the rate of increase in these costs, the size of the City’s workforce will continue to decrease. Ultimately this will have an impact on City services and increase the workload for the remaining employees. Health care has been one of the main causes of increasing costs. Other employers in the public and private sector, as well as the executive and exempt employees in the City, have addressed this issue in part by premium sharing. However, the City is open to considering alternatives that help control the rising cost of health care.

Regarding the 5% premium share, bargaining units of outside employers have found ways to save on healthcare. How can we lower health care costs without paying a 5% premium share?

There are other choices and the City is willing to consider them. For example, changes in plan design for hospital and prescription coverage can be made which would accomplish the same objective. In meetings with union representatives, many alternative choices are being discussed.

What is the total annual amount of money paid by the executive and exempt staff toward health care benefits? What is the total number of executive/exempt employees paying toward health care benefits? What is the average annual amount an executive/exempt employee pays toward health care benefits?

In July 2007, Cabinet members and Non-Bargaining Unit (exempt) employees began paying 5% of their health care premiums. Their annual premium sharing varies on their coverage, from \$9 to \$28 per pay period. Those groups include 54 employees, of which 11 currently opt-out of health insurance, and the remaining 43 contribute a total of \$14,000 annually.

The LSJ had a poll asking, “Should City of Lansing employees have to pay toward health care?” They made it sound like we pay nothing at all. Yet, in past contracts, we have given up other things in order to maintain our health care. For example, in the last UAW contract, we compromised on mandatory generics and self-funding, that was our way of contributing to health care.

There is no doubt that the cost of health care has been a perennial topic in contract negotiations, and there have been changes over the years which have helped to contain health care costs. And there is no doubt that this attention to the costs of health care will continue.

Unfortunately, health care costs continue to rise and we must continue to make changes. When we look at the ways that other employers and employees have worked together to contain increases in health care costs, we find that premium sharing, hospital deductibles and co-pays, 3-tier prescription programs, use of pharmacy benefit managers, restrictions on coverage for spouses of employees who have insurance elsewhere, and limiting retiree health care coverage to the retiree only are common. These approaches are in addition to the changes and limitations previously negotiated. If the things that were done in the past were enough to solve the City’s budget problems, we wouldn’t be in the position we are in today.

Can’t you offer prevention and risk training to educate employees and lower healthcare costs?

That’s been one of the other topics of discussion and it is a good long-term strategy for reducing health care costs. We are currently working with our health care providers to set up these types of training.

A good way to encourage opt-out would be to increase the current opt-out incentive. I’ve received input from UAW members who say they would opt-out if more money was offered.

At the suggestion of our labor representatives, we recently sent out a survey to employees in an effort to gauge their interest in that idea. In order to achieve any cost reductions, we need to know that there are a certain minimum number of employees who would take the opt-out if it was increased.

If we agree to the 5% premium share now, will it go away (or be reduced) as the economy improves?

We are willing to talk about that possibility. However, it is important to keep in mind that a key issue, in addition to the state of the economy, is whether or not health care costs continue to rise as they have.

Is the premium contribution based on each employee’s individual plan?

Yes, it would be and it would be a pre-tax deduction.

I rarely go to the doctor but the City is paying the full amount for me. Are there other plans available that would cost less than my current plan?

Yes, there are. We are willing to look at these as options.

Is the City willing to offer a wellness incentive to help decrease the costs of health care?

Yes, we are willing to talk about this idea.

Why not offer a 2-tier Opt Out plan of \$1500 (base) for single and \$3000 for family?

We are willing to talk about it, but there would need to be enough interest in terms of new opt-outs to offset the increased costs for current and additional opt-outs.

Retirement Incentives

Why not offer an early retirement incentive?

An early retirement incentive can result in some employees choosing to leave voluntarily if it is structured properly. That could help us reduce our workforce without layoffs. However, we have to be careful in how the incentives are structured so that we do not end up with increased costs in the future, which would further burden the pension system and increase pre-funding obligations.

We also have to be aware that encouraging people to leave and then filling the vacant position as it existed previously does not help in the long term. We are willing to talk about properly structured early retirement incentives.

Why not get rid of the age restrictions for those that have the required years of service?

Our funding for the pension system is based in part on expected time of retirement. If we eliminate the age restrictions, retirees will begin to receive their retirement benefits earlier than projected. This increases the future costs to the retirement system and also increases our pension contribution requirements.

If you offer an early out, can you bring the retirees back without the cost of insurance?

It is a possibility and there are some pension plans that provide for this. On the other hand, such a plan would also affect promotional opportunities for other employees. We are willing to talk about this idea.

Is the pension fund solvent?

Yes, it is solvent, but like most pension systems it is not fully funded. No one should think that anything we have been discussing would negatively affect the pension benefit you have

negotiated. The pension fund is and will remain solvent, and the City continues to make pension contributions to keep it that way.

Is the death rate considered in calculating future benefits?

Yes.

Administration/ City Council Salaries and Benefits

Didn't the executive staff get a 13% pay raise last year?

No, they did not. Cabinet members who started working in January 2006, when Mayor Bernero started his term of office, received a 2.2% salary adjustment in March 2007. This was their first and only increase – 15 months after they were hired. In July 2007, Cabinet members began paying 5% of their health insurance premium. Compared to the Cabinet of previous administrations there are fewer members. With the exception of Police and Fire, they do not have assigned vehicles, nor do they accumulate compensation time or get paid overtime. For members of the executive staff, retiree health insurance is restricted to the employee only.

Did the Mayor get a pay increase?

The Mayor did not get a pay increase. The Mayor's salary is established by the Elected Officers Compensation Commission and it is set at \$107,000. This is the same amount received by Mayors Hollister and Benavides. Mayor Bernero has not received a salary increase or any form of COLA since his election as mayor. The city-owned car he drives is the same vehicle driven by Mayors Hollister and Benavides. Finally, since his terms of compensation, which are set by the Elected Officers Compensation Commission, do not allow him to directly contribute 5% towards his health insurance premium, he voluntarily contributes an equal amount to charity.

How are Cabinet salaries determined?

The salary ranges for Cabinet members and other full-time executive staff are determined in the same manner as for most City employees – the point factoring system designed and administered by the HAY Group.

Why do Council members receive health care as part-time employees?

As with the Mayor and Clerk, the compensation for City Council is set by the Elected Officers Compensation Commission. This is the same Commission that refused to require 5% health insurance premium sharing by the Mayor, Clerk and Council, even though Mayor Bernero requested it.

What is the total annual amount of money paid by the executive and exempt staff toward health care benefits? What is the total number of executive/exempt employees paying toward health care benefits? What is the average annual amount an executive/exempt employee pays toward healthcare benefits?

In July 2007, Cabinet members and Non-Bargaining Unit employees began paying 5% of their healthcare premiums. Their annual premium sharing varies on their coverage, from \$9 to \$28 per pay period. Those groups include 54 employees, of which 11 currently opt-out of health insurance, and the remaining 43 contribute a total of \$14,000 annually.

Infrastructure

There is a rumor that the North Capitol and South Grand ramps will be sold. What revenues will come in from this sale?

The South Grand Ramp will likely be sold as part of the Capitol Club Towers riverfront development project. Proceeds from the sale of this ramp would be retained by the parking system. The sale would provide a one-time cash payment and would not create an income stream.

Currently the ramps are utilized by City employees. If they are sold, wouldn't we be paying someone else to use the space?

We anticipate that affected employees will be relocated to other City-owned parking ramps.

Isn't it unwise to get rid of an asset (ramp) that is being utilized and bringing in revenue?

While the ramps bring in revenue, they also incur substantial expenses in the form of operational, maintenance, capital and debt service costs. As parking ramps age, the amount of capital improvement needs and maintenance expenses are substantial and continue to increase.

Voters approved the sale of one of the parking ramps. What will it be used for?

It will still be a parking ramp for the foreseeable future. Some of the capacity of the ramp will be dedicated to housing and businesses that will be constructed adjacent to it.

If we keep selling everything off, where will it end?

The sale of certain City assets, such as parking ramps, may make sense for the long-term interest of the City. If it doesn't make sense for the long-term, the asset will not be sold. Potter Park Zoo, for example, was not sold. It is still owned by the City. However, all Ingham County residents are now supporting the Zoo instead of just Lansing residents. As a result, the Zoo now has a wider and more secure funding base.

Can we increase the fees for parking tickets?

That's possible, but it probably isn't a good idea at this time. The purpose of parking enforcement is not to raise money, but to ensure that adequate parking is available for residents, visitors and businesses. Aggressive enforcement and punitive parking fines may raise more money in the short run, but it also discourages people from coming into the City. In the end, we would probably lose more than we would gain from increasing the fines.

Why is the Mayor trying to sell Fenner?

There is no proposal or plan to sell Fenner Nature Center, nor to have it closed. With the retirement of our long-serving and dedicated Naturalist, Clara Bratton, there is a big "shoe" to fill with regards to nature programming and education at Fenner. Being a regional asset that benefits both City and non-City residents, much like the Zoo, the Administration is looking to keep the property and to investigate alternative funding sources for Fenner operations – partnerships with Friends of Fenner, MSU, and Woldamur Nature Center.

Golf

Can't we reuse the green space of the golf courses as amusement or water parks?

There are many different ideas for reusing the golf course properties, including those you mentioned.

Was Waverly Golf Course bequeathed to the City and therefore can't be sold?

Because the Waverly Golf Course is dedicated parkland, a vote of the people would be required to authorize it to be sold. The Mayor's budget proposal does not anticipate selling the course.

What benefit is the Waverly Golf course to City residents?

It is dedicated park land, so it does preserve green space in our region. Unfortunately, it is located in Lansing Township about 3 miles outside the city limits.

Can we sell the Waverly course to a developer and gain tax revenue from houses or businesses that could be built there?

It is possible, but City residents would have to vote to approve such a sale. However, the City Council has refused to even consider that idea, and it is not being proposed by the Mayor.

Are all of the golf courses in the 'red'?

Yes, all of the City's golf courses require a subsidy from the General Fund. Last year the City spent nearly \$500,000 from the General Fund to subsidize the operations of the Groesbeck, Waverly, Red Cedar and Sycamore golf courses. The proposed FY09 budget includes more than

\$175,000 for the operation of Groesbeck and the new Sycamore Driving Range and Learning Center.

Maybe we should reevaluate the way golf course administrative fees are structured. There could be a cost savings there.

Administrative fees cover the costs of management, insurance, book keeping, payroll/benefit administration, and building repairs. These are all expenses that are necessary to the operation of the golf courses. These expenses are characterized as “administrative charges” as a way of accounting for the total cost of operating the golf courses. Refusing to recognize the administrative charges does not make them go away. Even if we subtract the administrative charges, the golf courses have operated at a loss since at least 2003.

Is the substantial drop in revenues from the golf courses due to the delayed openings last year?

No. The opening was not delayed last year; it was the prior year. Golf as an industry nationwide is in decline. The business of golf is down in the region and nation as well as at our City-owned courses. There may have been some impact from the increase in fees, but that is not the whole story.

The City made a large investment into the Driving Range and its main purpose is for youth recreation and training. Won't the users of this course increase the revenues for this year?

The proposed FY 2009 budget includes projected increased revenues from the Sycamore Driving Range and Learning Center.

If we fly the UAW flag at the golf courses, all members who come to town will have to play there.

We would be more than happy to have the UAW take over the operation of Waverly or Red Cedar. The Administration sent the UAW a letter last month inviting them to let us know if they are interested.

How much money would we save by closing the courses?

We estimate a savings of between \$200,000 and \$300,000 annually. In addition, the Waverly and Red Cedar courses would need more than \$600,000 in capital investments to keep them going for another year.

What will the money that was used to run the golf courses be used for if they are closed?

We started our budget process with a \$6 million deficit. Closing the two courses helps to reduce our expenses and bring the budget into balance as required by the City Charter.

Can't we do more marketing of the golf courses to get more people in and raise revenue?

We tried that strategy last year. The increased marketing efforts did help, but it did not result in the golf deficit being eliminated. Golf play is down across the nation and in Michigan.

CSO Project

Where is the money coming from for the CSO project?

The City of Lansing is required to complete the Combined Sewer Overflow (CSO) project by the federal and state governments. Funds for the project come primarily from a state revolving loan fund that lends us money at very low rates. Another source of funds is proceeds from bonds sold by the City. Finally, some funds come from the City's General Fund and from Act 51 road funds. Payments on the bonds and loans come from the sewer rates charged to Lansing residents and businesses.

Why are outside contractors doing this work and not our own sewer department staff? Why not keep this money in the City instead of hiring outsiders?

We continue to evaluate whether it is practical or financially feasible to hire City employees instead of using contractors. In many cases, because of the sheer size and duration of the project (one construction season at a time), and because of the many different types of expertise needed for such projects, it is not practical or financially feasible to hire the large staff that is needed and then to lay them off at the close of the construction season.

Other

We need to start looking at other things instead of cutting services that residents need. For example, casinos bring in huge revenues, jobs and business. Why not try to bring one into the downtown area? What about selling our refuse items at Fair Market Value? Why did we spend \$15k last year on mums that don't bloom each year? Couldn't we have gotten annuals?

We always need to think about how to bring more money in to the City. Casinos are often controversial and take a long time to get established. More jobs, residents and businesses are what we need. And we are working on it! We also need to find the best ways to spend our money.

Mums are a perennial plant that blooms each year. The mums along Michigan Avenue were a temporary planting and when they were removed, they were offered to neighborhood groups for use in parks and other public areas. Permanent plantings for the Michigan Avenue Streetscape project are part of the project budget, which was funded mostly with state grant money, not the City's general fund.

What are tax abatements and why are new businesses getting breaks for moving into the City?

Tax abatements are incentives to encourage new businesses to locate in the City and existing businesses to expand. Just like a business tries to attract customers, we want to get their attention and give them an incentive to invest in Lansing rather than someplace else. In many cases, it is cheaper to build on undeveloped land outside the City, where tax rates are often lower.

By agreeing to reduce the taxes on their investment for a certain period of time, we directly benefit from new jobs, new income taxes and additional property tax revenues. We also continue to get the property taxes which were being paid on the property before it was improved.

If we did not offer these incentives, new developments would not occur in Lansing and we would not get the new jobs or the increased tax revenues.

What would the merging of LFD and Lansing Township Fire have done for the City?

We estimated the savings to be more than \$700,000 annually, split equally between the City and Township. The level of service would have not been affected by the merger.

We could draw revenue from East Lansing if we clean up the areas around E. Michigan Ave. and westward along Mt. Hope, and put some student housing there.

We are working with East Lansing, Michigan State University, Lansing Township and others to establish a "Corridor Improvement Authority" to do just that.

Can we increase some of the Code Compliance fees on slumlords and drug houses as a revenue builder?

The proposed FY09 budget includes a new monitoring fee for tagged properties. In the last two years we have increased fees for a wide range of code compliance offenses and we continue to review them on an ongoing basis.

The poor school system is a major issue, among other things, for keeping people out of the City. Why are the City employees taking the hit for all the problems?

There is no doubt that many things beyond our control affect the City. At the same time, we have to manage our affairs, and we have to be responsible for our part of the world. Regardless of how it happened, or who's to "blame", we have to live within our means.

Unfortunately, there is not enough money coming into the city government to pay the increasing costs of what we are now doing the way we are doing it. We have to reduce our expenses, and because most of our expenses go towards the costs related to employees, employees are affected.

We either figure out how to reduce the increasing costs associated with employee compensation, or we continue to reduce our workforce. We have to figure it out in a manner that not only addresses the problem for today, but for the future as well. It's a substantial challenge faced not only by us, but by businesses and municipalities across the state and the country.